

Message Text

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ORIGIN NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 L-03 STR-04 TRSE-00
SP-02 COME-00 CIAE-00 INR-07 NSAE-00 SS-15 NSC-05
AID-05 IGA-02 EB-07 /080 R

DRAFTED BY NEA/RA:DTMORRISON:YW
APPROVED BY NEA/RA:SEPALMER,JR
NEA/ARP:JLYLE
L/NEA:DSMALL
EB/IFD/BP:TSCHLENKER
EUR/NE:DGOODMAN
COM/BIC/CAGNE:PHALE
COM/AGC/DIBA:KKNOWLES
COM/DAS/DC/SMARCUSS

-----108263 190254Z /63

R 182210Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY MANAMA
AMEMBASSY DOHA
AMEMBASSY LONDON
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TRIPOLI
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY OTTAWA
AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, PFOR, BA, QA

SUBJECT: ARAB BOYCOTT: RESISTANCE BY BRITISH BANKS TO USE
OF POSITIVE CERTIFICATIONS

REF: A) MANAMA 1342; B) MANAMA 1219; C) DOHA 648

1. WE WELCOME ACTIONS TAKEN BY EMBASSY MANAMA THROUGH
BAHRAIN OFFICIALS TO END CONTINUED REQUIREMENT OF NEGATIVE
CERTIFICATIONS BY TWO BRITISH BANKS IN LETTERS OF CREDIT
WHICH INVOLVE U.S. EXPORTS.

2. REQUEST EMBASSY LONDON MAKE APPROACHES TO HMG AND/OR
BRITISH BANKS INVOLVED. EMBASSY REPRESENTATIONS SHOULD
STRESS PRAGMATIC SHIFT IN REQUIREMENTS FOR COMMERCIAL
DOCUMENTATION WHICH HAS OCCURRED IN MOST GULF STATES
INCLUDING BAHRAIN AND QATAR, OVER THE PAST YEAR. IN LIGHT
OF THESE DEVELOPMENTS WHICH HAVE RESULTED IN ACCEPTANCE
OF POSITIVE CERTIFICATIONS OF COUNTRY ORIGIN (SOMETIMES
SUPPLEMENTED WITH WAR RISK CLAUSES CERTIFYING THAT GOODS
WILL NOT BE SHIPPED ON ISRAELI VESSELS OR VIA ISRAELI
PORTS), YOU SHOULD INVITE HMG OFFICIALS/BRITISH BANK
OFFICIALS, AS APPROPRIATE, TO JOIN ACTIVELY IN EFFORT TO
PLACE TRANSACTIONS INVOLVING U.S. EXPORTS TO THESE COUNTRIES
ON A MORE NORMAL COMMERCIAL FOOTING IN TERMS OF DOCUMENTA-
TION AND OTHER REQUIREMENTS.

3. WE BELIEVE SUCH AN APPROACH WILL ADVANCE BRITISH
COMMERCIAL INTERESTS AS WELL. AS HMG IS AWARE, U.S.
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SUBSIDIARIES LOCATED IN THE U.K. WILL BE SUBJECT TO
PROVISIONS OF THE EXPORT ADMINISTRATION ACT AMENDMENTS TO
THE EXTENT THAT THEY ARE ENGAGED IN U.S. INTERSTATE OR
FOREIGN COMMERCE. DEFINITION OF LATTER TERMS WILL BE
SPELLED OUT IN USDOC REGULATIONS. INSISTENCE BY BRITISH
BANKS ON USE OF BOYCOTT CLAUSES NOT REQUIRED BY ARAB
GOVERNMENTS WILL THUS WORK TO DISADVANTAGE OF U.S. SUB-
SIDIARIES OPERATING IN THE U.K. ALSO, SINCE OTHER
BANKS IN MOST ARAB COUNTRIES ARE WILLING IN MANY CASES TO
DELETE SUCH CLAUSES, BRITISH BANKS NOW ENGAGED IN EXPORT
FINANCING OF U.S. EXPORT TRANSACTIONS ARE LIKELY TO LOSE
THIS BUSINESS TO COMPETITORS WHO HAVE ALREADY ADAPTED TO
GROWING RELUCTANCE OF U.S. FIRMS TO USE OF BOYCOTT
CLAUSES IN THEIR BUSINESS TRANSACTIONS.

4. DEPARTMENT WOULD APPRECIATE CONTINUED REPORTING BY
POSTS ON CHANGES IN LETTERS OF CREDIT REQUIREMENTS AND
CONTINUING BOYCOTT PROBLEMS WHICH U.S. FIRMS ENCOUNTER
IN BANKING TRANSACTIONS.

5. (ON TWO OCCASIONS THIS YEAR, THE BRITISH EMBASSY HAS
PROVIDED DEPARTMENT AIDE MEMOIRES EXPRESSING CONCERN

ABOUT EXTRA-TERRITORIAL APPLICATION OF U.S. ANTI-BOYCOTT
LEGISLATION TO U.S. SUBSIDIARIES OR AFFILIATES
ABROAD.) VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS, BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE167300
Document Source: CORE
Document Unique ID: 00
Drafter: DTMORRISON:YW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770267-1164
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770746/aaaabnjl.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Retention: 0
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Review Content Flags:
Review Date: 02-Dec-2004 12:00:00 am
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Review Exemptions: n/a
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Review Withdrawn Fields: n/a
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Subject: ARAB BOYCOTT: RESISTANCE BY BRITISH BANKS TO USE OF POSITIVE CERTIFICATIONS
TAGS: ETRD, PFOR, EFIN, BA, QA, US
To: MANAMA DOHA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/967c1d68-c288-dd11-92da-001cc4696bcc
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